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SEPTEMBER 17, 2019 BY RONNIE

Job Outsourcing As A Profession, Stagnant Wages, Mass Migration

(the Business Development Bank of Canada on outsourcing)

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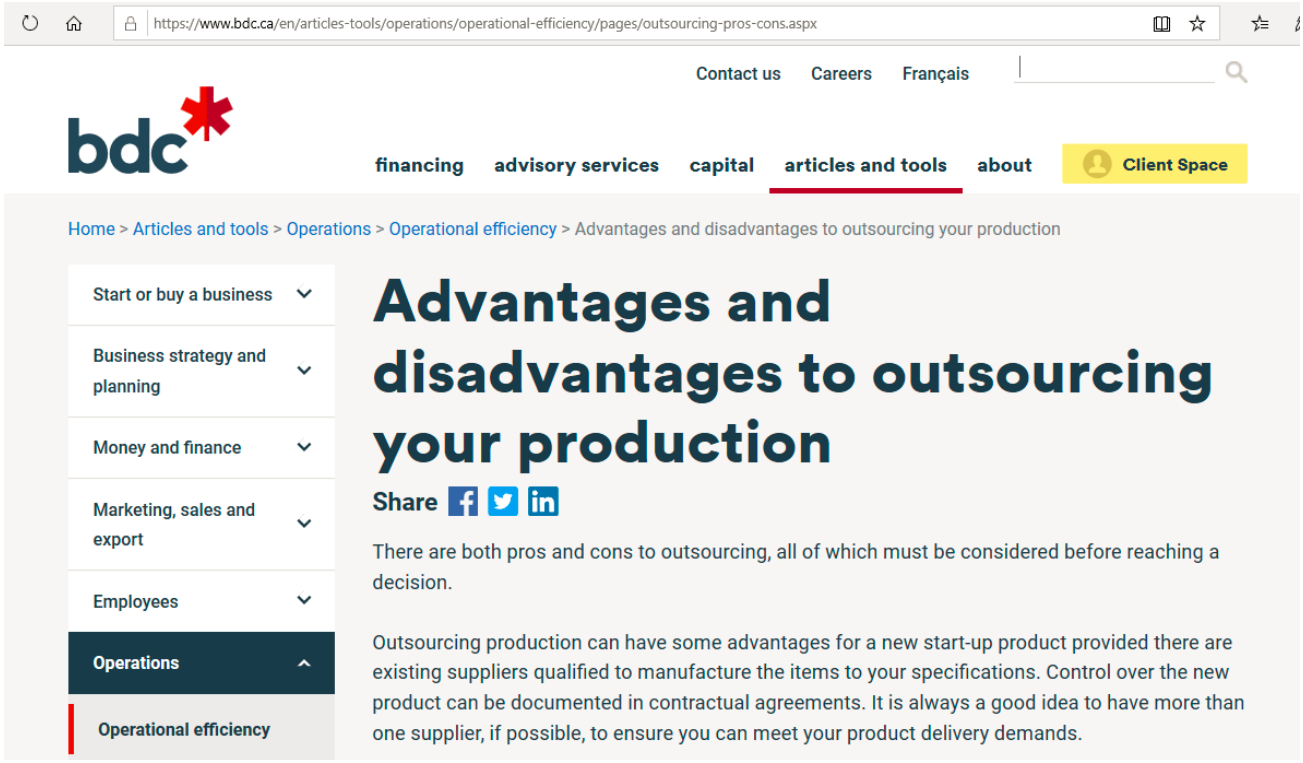
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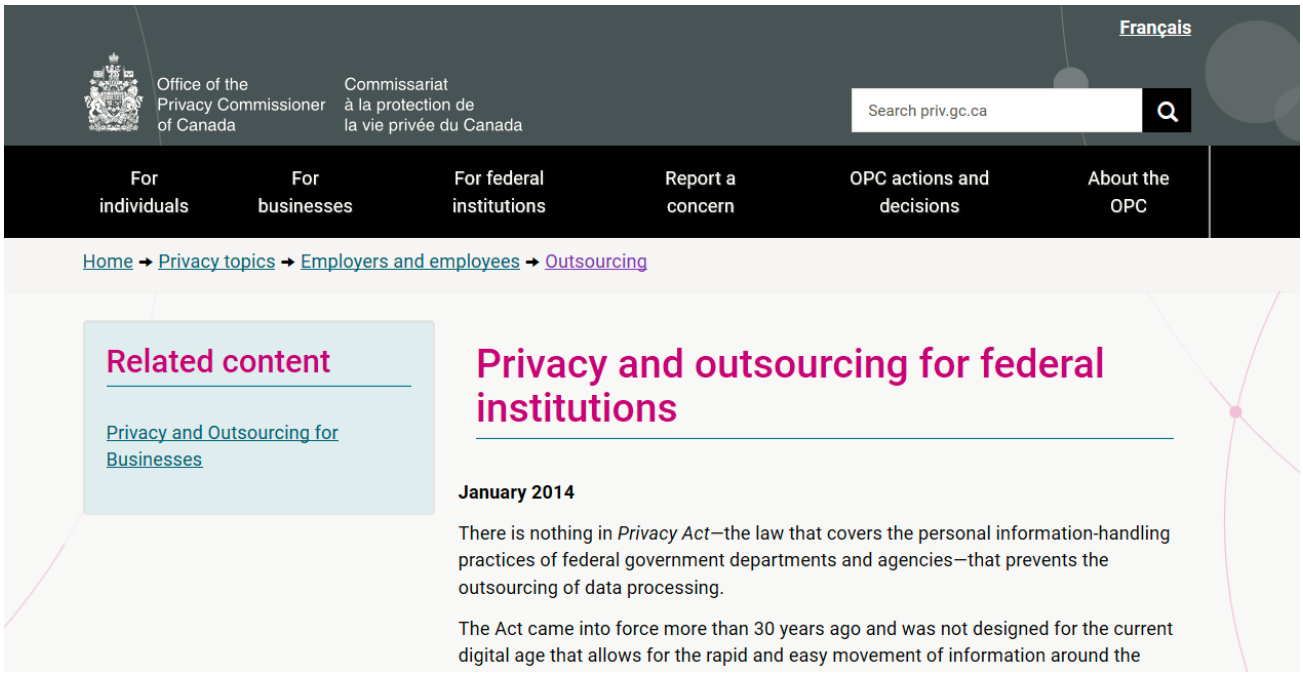
There are both pros and cons to outsourcing, all of which must be considered before reaching a decision.
Outsourcing production can have some advantages for a new start-up product provided there are existing suppliers qualified to manufacture the items to your specifications. Control over the new product can be documented in contractual agreements. It is always a good idea to have more than one supplier, if possible, to ensure you can meet your product delivery demands.

(Deloitte’s Global Outsourcing Survey)

(The Privacy Commissioner of Canada)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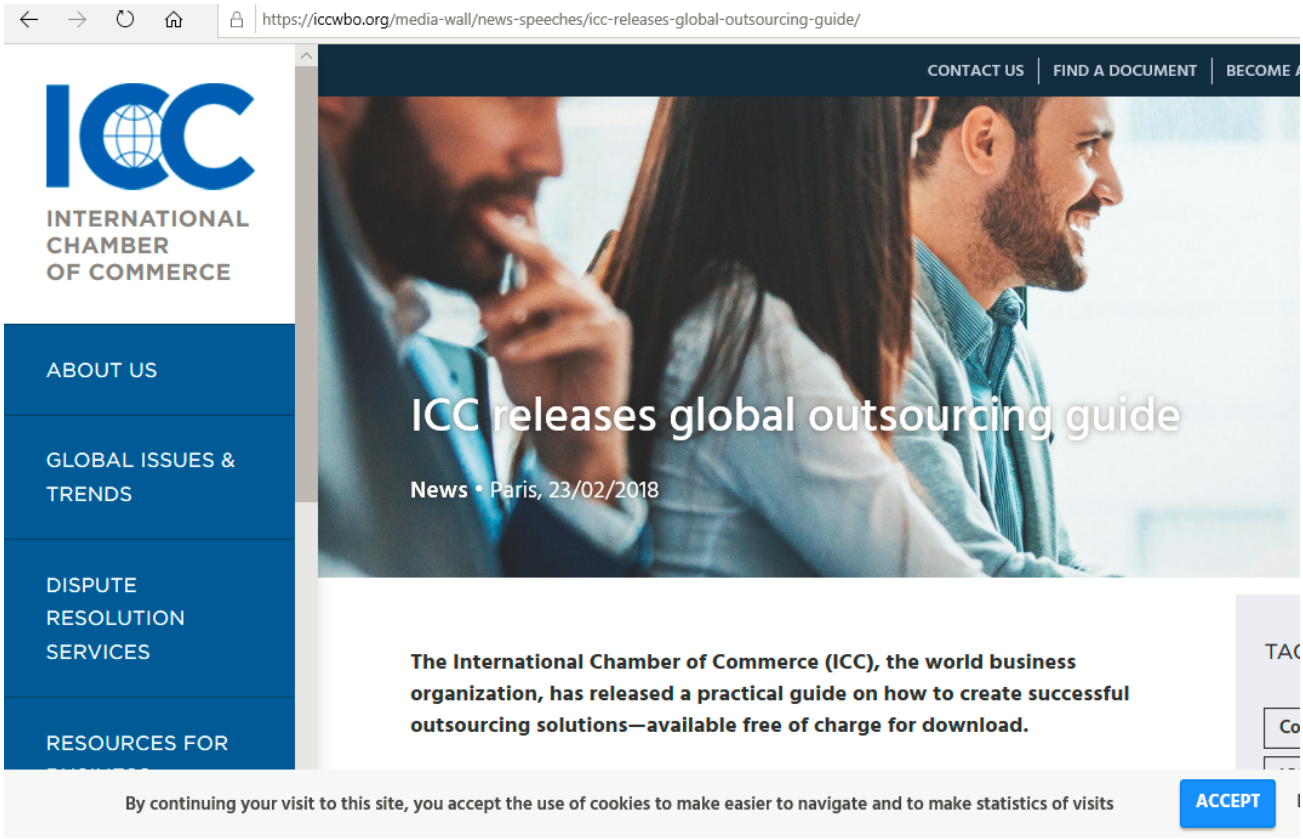
Privacy and outsourcing for federal institutions
January 2014
There is nothing in *Privacy Act*—the law that covers the personal information-handling practices of federal government departments and agencies—that prevents the outsourcing of data processing.
The Act came into force more than 30 years ago and was not designed for the current digital age that allows for the rapid and easy movement of information around the

(the International Chamber of Commerce)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ICC releases global outsourcing guide
News • Paris, 23/02/2018
The International Chamber of Commerce (ICC), the world business organization, has released a practical guide on how to create successful outsourcing solutions—available free of charge for download.
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(Pew Research on wage stagnation)

https://www.pewresearch.org/fact-tank/2018/08/07/for-most-us-workers-real-wages-have-barely-budged-for-decades/
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NEWS IN THE NUMBERS
AUGUST 7, 2018
For most U.S. workers, real wages have barely budged in decades
BY DREW DESILVER
On the face of it, these should be heady times for American workers. U.S. unemployment is as low as it's been in nearly two decades (3.9% as of July) and the nation's private-sector employers have been adding jobs for 101 straight months – 19.5 million since the Great
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(Conservative Party of Canada's specific policies are to turn "temporary" workers into permanent residents wherever possible)

i. continue development of pilot projects designed to address serious skills shortages in specific sectors and regions of the country, and that attract temporary workers to Canada;
ii. examine ways to facilitate the transition of foreign workers from temporary to permanent status; and
iii. work to ensure that temporary workers, especially seasonal workers, receive the same protections under minimum employment standards as those afforded Canadian workers.

140. Entry Applications, Permits and Landing Fees

The Conservative Party endorses changes made to the applications process which minimize stress and uncertainty for applicants and their families while reducing the backlog and meeting the

So-called “Conservatives” and “Libertarians” trumpet the values of free trade, or economic liberty. They claim that removing barriers to trade and employment will result in the enrichment of society as a whole.

Worth noting that these same groups support massive immigration from the 3rd world. The fraudulently titled “Temporary Foreign Worker Program” is a great example. It forces Canadians to compete for jobs against imported, foreign (often subsidized) competition. This hurts workers who struggle to find work which will pay a living wage. Now, we all know the vast majority of these “temps” will never leave, though that has been addressed in other articles.

Corporatists and business leaders support both: (a) free trade; and (b) mass economic migration. This allows companies to get people to work for less, and to outsource jobs much more easily. But while these are profitable, there is little to no societal benefit.

1. Stagnant, Even Declining Wages

A quote from the left leaning Economic Policy Institute. This covers the main causes of wage stagnation. Although written in the U.S, Canada is experiencing the same issues. We should take note of this:

This paper provides a brief overview of some of the causes of wage stagnation and inequality. Sources in the references section provide a more complete analysis. Excessive unemployment, not only during and after the Great Recession but over most years since 1979, has suppressed wage growth, adversely affecting low-wage workers more than middle-wage workers but having little impact on high-wage workers. **Global integration with low-wage countries, accelerated by particular trade policies (e.g., admission of China to the World Trade Organization in the late 1990s) has adversely affected wages of non–college educated workers.** The erosion of labor standards (beyond the decline in the real value of the minimum wage) and weak enforcement have also put downward pressure on wages. Extensive wage theft, worker misclassification, weakened prevailing wage laws and overtime protections, and the **failure to modernize our labor standards to provide sick leave, family leave, or minimum vacation schedules all hurt wage growth. The increased presence of undocumented workers who are vulnerable to employer exploitation also undercuts not only the wages of these workers** but also those in similar fields.

A lot of reasons wages in the U.S. are stagnant. Two big reasons are: increased (often illegal) immigration; and trade policies which outsource jobs to nations with a lower standard of living.

Take this message away: “More” people are now competing for “less” jobs. From a supply-and-demand perspective, it can’t help but push down wages. Pew Research has studied this trend, and concluded it to be a real issue.

2. Connecting: Outsourcing Jobs, Wages, Economic Migration

Mass (economic) migration and outsourcing jobs a.k.a. “free trade”, actually end up serving the same goal, which is to displace workers in their home countries.

How so? Outsourcing high-paying jobs to the third world drives down the ***SUPPLY*** of work that is available to Canadians (and to others in 1st World countries). Importing large numbers of cheap foreign workers has the effect of driving up the ***DEMAND*** for what jobs remain. The public gets screwed at both ends.

Far more workers available, competing for far fewer jobs. It becomes an employer's market, where workers are forced to compete based off on who can live off of less. As a result, the real purchasing power of wages has declined over the years.

True, there are factors besides increased immigration and outsourcing jobs. However, they are two big ones, and the impacts cannot be ignored.

3. Lack Of Privacy Safeguards In Outsourcing

There is **nothing in PIPEDA that prevents organizations from outsourcing the processing of data.** However, regardless of where information is being processed—whether in Canada or in a foreign country—organizations subject to PIPEDA must take all reasonable steps to protect that information from unauthorized uses and disclosures while it is in the hands of the third-party processor.

Organizations must also be satisfied that the third party has policies and processes in place, including training for its staff and effective security measures, to ensure that the information in its care is properly safeguarded at all times.

Organizations need to make it plain to individuals that their **information may be processed in a foreign country and that it may be accessible to law enforcement and national security authorities of that jurisdiction**. They must do this in clear and understandable language. Ideally they should do it at the time the information is collected. Once an informed individual has chosen to do business with a particular company, they do not have an additional right to refuse to have their information transferred.

When personal information is in the hands **of a third-party service provider operating on foreign soil, it is subject to the laws of that country and no contract can override that**. This could mean, for instance, that the organization may be obliged to respond to a subpoena or other mechanism that would give law enforcement officials access to personal information.

To be fair, it is acknowledged that the Privacy Act came into effect 30 years ago, and

couldn't possibly have taken this information age into account.

But think about this for a moment. If you are an employee, your information may still be shared and viewed on foreign lands by third parties. This can happen even if your job has not been outsourced. Potentially, this can happen if any major part of the business has been outsourced.

This is not limited to employees either. Customers or clients can have their personal information used in ways that would violate privacy in Canada, just as long as it takes place in another country. Seems to be an end run around real privacy.

4. Business Development Bank of Canada On Outsourcing

Here are some advantages of outsourcing

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Financial benefits

-Clean up your balance sheet by eliminating assets, and have a more stable cash flow

-Strategic optimization—Think about your company's core mission and whether it is relevant to continue certain operations

-Better management of the outsourced activity—In theory, you can choose a supplier that is a leader in the field

-Market discipline—You can align your costs with those of suppliers in the field

-Technology—In theory, you gain access to state-of-the-art technologies

Flexibility—The resources no longer used in one area can be redirected to the company's core operations

.

Here are some risks of outsourcing

-Loss of expertise—You lose know-how and skills that may prove critical to your long-term competitiveness. –Information from suppliers helps in new product development.

-Dependence on the supplier—If you resume carrying out the outsourced activity yourself, it can take years to reach the level of performance you used to enjoy. But if the supplier's service deteriorates, or if their price rises, you may want to take back the activity.

-Loss of control over costs—Improved production facilities may generate larger gains than outsourcing. Look at internal solutions before considering external solutions.

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Here are some reasons not to outsource a production facility

-You have highly qualified employees

-You need contact with suppliers and customers

-Research and development is done in the plant

-Production operations are properly focused

-You have control over production costs

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Here are some lessons on outsourcing

-Look for compatible goals

-Focus on the best solution, not the lowest price

-Use a very detailed contract and up-to-date legal experts

-Share risks

-Involve key players

-Document the transition phase

-Communicate clearly from the beginning

Notice the link never talks about the social costs of outsourcing jobs. People are hurt by mass layoffs. In no way does this advocate for communism or socialism, but there is a real impact to be taken into account when jobs are sent out of country. Not just the workers themselves, but families — especially children — are impacted by this.

There is no mention, or even implication that a company owes any sense of duty or loyalty to employees. This applies not only to newer employees, but to longer term ones. People who may have contributed greatly to an organization are clearly expendable in this mindset.

This is short sighted for another reason. If good paying jobs leave the community en masse, then who exactly is going to buy your products? You need a job, and an income, to buy things.

Furthermore, the same people pushing for outsourcing to lower costs are often the same ones who advocate for mass migration to fill jobs. Why the contradiction? Because it is about creating a larger pool of cheap labour.

5. Forbes: Outsourcing & Company Culture

3. Lower Labor Cost
Did you know there are **approximately 300,000 jobs outsourced by the United States each year?**
Every company has its own reason for doing this, with many chasing lower labor costs. You don't want to trade quality for price, but outsourcing often allows you to get the best of both worlds. By searching a global talent pool, it's easier to find the right talent at the right price.

This Forbes article from 2016, is more balanced in its approach that the last one. This author is blunt about it: outsourcing is mainly done in order to cut production costs.

A positive work culture leads to a higher level of productivity, so you don't want to do anything to jeopardize this. Some of the ways outsourcing can negatively affect company culture include:
• Upset employees as they may feel they are being replaced

Here, a major downside is admitted: employees may feel like they're being replaced. However, we don't need the words "may feel", because they *are* being replaced by outsourcing. There's nothing ambiguous about it.

6. CBC And Outsourcing At Banks

As part of the transition, staff losing their positions must train other local CIBC employees. Those employees then train the workers in India who will be taking over the jobs.

Although they aren't directly training their replacements, the situation isn't sitting well with some affected staff who spoke with CBC News. They asked that their identity be protected because they fear repercussion from CIBC — one of Canada's largest banks.

> “It’s very, well, depressing,” said one employee about having to pass on his work knowledge so that someone in another country can replace him.

> “A lot of people would have rather just been let go immediately than to sort of, if you will, suffer [through this].”

> “It feels like no one cares for us,” said another employee. “The environment is really bad. People are bitter.”

A surprisingly good article from the CBC outlines outsourcing at CIBC. To add insult to injury, the workers being let go are forced to train their replacements as a last act. In fairness, RBC pulled a similar stunt, and was also publicly ridiculed.

While these banks outsourcing jobs caught a lot of public attention, there are many such actions that do not. As such, the public likely has no idea of how prevalent this issue is, or how many industries it threatens to hit.

7. There Is Always A Cost

Globalist Conservatives and Libertarians love to trumpet the free market, and the potential for economic growth. Yet they never discuss the downsides of these ideals.

They never talk about economic immigration drives up the number of workers in a country, forcing competition against actual citizens. Two such programs are the Temporary Foreign Worker Program, and the International Mobility Program. Students can also work up to 20 hours/week while in school. With more workers, wages don’t rise to keep up with inflation, as there are now more workers to help depress them.

All of these “temps” can usually apply to become permanent residents. This not only solidifies the imbalance, but imports other cultures into Canada. However, this has been addressed elsewhere.

They never talk about how “free trade” policies lead to the outsourcing of jobs, eliminating work opportunities in the host countries. Examples are NAFTA, the Tran-Pacific

Partnership, and the proposed CANZUK. Sure, there will be some jobs coming back, though they are likely lower paid, and for less hours.

Who exactly is going to be buying your manufactured goods, if people are losing jobs? Or how will they afford them if the jobs don't pay enough? How do communities benefit from exporting their employment opportunities?

There is always something else to consider.

(1) https://canucklaw.ca/remittances-the-hidden-cost-of-economic-immigration/
(2) https://www2.deloitte.com/content/dam/Deloitte/nl/Documents/operations/deloitte-nl-s&o-global-outsourcing-survey.pdf
(3) https://www.forbes.com/sites/deeppatel/2017/07/17/the-pros-and-cons-of-outsourcing-and-the-effect-on-company-culture/#25179527562d
(4) https://codeable.io/top-companies-outsourced-development/
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